

Assembly Bill No. 2578

CHAPTER 367

An act to amend Section 15006 of the Insurance Code, relating to insurance.

[Approved by Governor August 24, 1998. Filed with
Secretary of State August 24, 1998.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2578, Cardenas. Insurance: public insurance adjusters.

Existing law provides for the regulation of public insurance adjusters. Existing law prohibits any person from engaging in the business of public insurance adjusting, or from acting as or representing himself or herself to be, a public insurance adjuster without a license.

This bill would provide for certain civil penalties for violating this prohibition. This bill would also provide that any contract for relevant services entered into by an insured with any unlicensed person may be voided at the option of the insured and would provide that the insured is not liable for payment of any past services rendered or future services to be rendered by that unlicensed person under that contract or otherwise.

This bill would also authorize the Insurance Commissioner to issue a cease and desist order to any person engaging in the business of public insurance adjusting, or acting as or representing himself or herself to be, a public insurance adjuster without a license. It would also provide for certain civil penalties for failure to comply with any such order and would authorize the commissioner to bring an action in a court of competent jurisdiction to enforce the collection of those penalties.

The people of the State of California do enact as follows:

SECTION 1. Section 15006 of the Insurance Code is amended to read:

15006. (a) No person shall engage in a business regulated by this chapter, or act or assume to act as, or represent himself or herself to be, a licensee unless he or she is licensed under this chapter. Any person who violates this subdivision shall, in addition to any other penalties provided by law, be liable to the state for a civil penalty in an amount not exceeding five thousand dollars (\$5,000), or if that violation is willful, in an amount not exceeding ten thousand dollars (\$10,000). The penalty shall be assessed and recovered in a civil

action brought by the commissioner in a court of competent jurisdiction in the name of the people of the State of California.

(b) Any contract for services regulated by this chapter that is entered into by an insured with any person who is in violation of subdivision (a) may be voided at the option of the insured, and the insured shall not be liable for the payment of any past services rendered, or future services to be rendered, by that person under that contract or otherwise.

(c) Whenever it appears to the commissioner that any person is engaging in acts or practices in violation of subdivision (a), the commissioner may, without any requirement of notice or hearing, issue and cause to be served upon that person an order requiring that person to cease and desist immediately from engaging further in those acts or practices.

(d) Any person who fails to comply fully with an order of the commissioner issued under subdivision (c) shall be liable to the state for a civil penalty in an amount not exceeding one hundred dollars (\$100) per day for each and every day that the violation or failure to comply continues, but in no event to exceed a maximum amount of five thousand dollars (\$5,000). The commissioner shall collect the amount so payable and may bring an action in a court of competent jurisdiction in the name of the people of the State of California to enforce collection. This penalty is in addition to any other penalties provided by law.

(e) The powers vested in the commissioner by this section are in addition to any and all other powers and remedies vested in the commissioner by law, and nothing herein shall be construed as requiring the commissioner to employ the powers conferred in this section instead of or as a condition precedent to the exercise of any other power or remedy vested in the commissioner.

